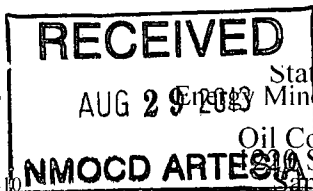


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505



State of New Mexico
Minerals and Natural Resources
Oil Conservation Division
10 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12
(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

- A. Applicant Chevron USA Inc.,
whose address is 15 Smith Rd., Midland, TX,
hereby requests an exception to Rule 19.15.18.12 for 100 days or until
December 5th, Yr 2013, for the following described tank battery (or LACT):
Name of Lease Skelly Fren 907 Battery Name of Pool Glorieta-Yeso
Location of Battery: Unit Letter J Section 22 Township 17S Range 31E
Number of wells producing into battery 24
- B. Based upon oil production of 360 barrels per day, the estimated * volume
of gas to be flared is 26600 MCF; Value 266 per day.
- C. Name and location of nearest gas gathering facility:
Frontier Maljamar Gas Plant
- D. Distance NA Estimated cost of connection NA
- E. This exception is requested for the following reasons: Frontier plant down for maintenance /
expansion

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OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation
Division have been complied with and that the information given above
is true and complete to the best of my knowledge and belief.

Signature David Pagano

Printed Name
& Title: David Pagano, Health & Environmental Specialist

E-mail Address david.pagano@chevron.com

Date 08/29/13 Telephone No. 505-787-9816

OIL CONSERVATION DIVISION

Approved Until Dec 15th 2013

By [Signature]

Title Dist. H. Supervisor

Date Sept 3, 2013

* Gas-Oil ratio test may be required to verify estimated gas volume.

* See Attached COA's

Bratcher, Mike, EMNRD

From: Pagano, David (David.Pagano) <David.Pagano@chevron.com>
Sent: Thursday, August 29, 2013 9:47 AM
To: Pagano, David (David.Pagano); Bratcher, Mike, EMNRD
Cc: Moschetti, Nick (NMOS); DeLeon, Josepha; Nevarez, Joseph D
Subject: Initial C-141 & C-129 reports for the flaring at our Skelly 907 due to Frontier curtailing gas in our sales line
Attachments: C-129 - Skelly 907 Battery S.pdf; 20130827 C-141 Skelly 907 Bty Flare IS.pdf

Mike,

Here are the Initial C-141 & C-129 reports for the flaring at our Skelly 907 due to Frontier curtailing gas in our sales line while they complete and upgrade to their plant. Flaring started at 10:00AM on 8/27/13. Frontier is communicating that they will be curtailing our gas indefinitely which could mean from a few weeks to a few months. Once the sales line pressure is back up and we are no longer flaring I will send the final reports. You will find the wells associated with the 907 battery at the bottom of the email. Please let me know if you have any questions or need additional information.

Regards,

David A. Pagano

MCA Health & Environmental Specialist (Central Permian – Vacuum/Buckeye, Dollarhide & Sundown)

56 Texas Camp Rd., Lovington, NM 88260

☎ Phone: 575-396-4414 x275

☎ Cell: 505-787-9816

☎ Fax: 575-396-6913

dpagn@chevron.com

"CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message; then please delete this email."

| Well | Battery |
|--------|-------------------|
| SU 689 | SKELLY UNIT 38013 |
| SU 699 | SKELLY UNIT 4104 |
| SU 700 | SKELLY UNIT 37981 |
| SU 703 | SKELLY UNIT 38344 |
| SU 707 | SKELLY UNIT 38352 |
| SU 711 | SKELLY UNIT 38014 |
| SU 713 | SKELLY UNIT 40094 |
| SU 714 | SKELLY UNIT 38449 |
| SU 718 | SKELLY UNIT 37882 |
| SU 719 | SKELLY UNIT 37883 |
| SU 722 | SKELLY UNIT 38377 |
| SU 724 | SKELLY UNIT 38253 |
| SU 725 | SKELLY UNIT 38378 |
| SU 828 | SKELLY UNIT 38443 |
| SU 907 | SKELLY UNIT 31385 |
| SU 908 | SKELLY UNIT 31375 |
| SU 912 | SKELLY UNIT 31664 |

| | | |
|--------|-------------|-------|
| SU 914 | SKELLY UNIT | 31665 |
| SU 930 | SKELLY UNIT | 31666 |
| SU 931 | SKELLY UNIT | 31667 |
| SU 933 | SKELLY UNIT | 31975 |
| SU 936 | SKELLY UNIT | 32595 |
| SU 937 | SKELLY UNIT | 32596 |

**NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 SOUTH FIRST STREET
ARTESIA, NM 88210
(575)748-1283**

CONDITIONS OF APPROVAL for FLARING or VENTING GAS

1. Venting gas is absolutely not allowed.
2. Prior to flaring gas, C-129 must be filed & approved. Blanket approval cannot be given for this operation.
3. Flared volumes of gas are to be metered & reported.
4. Flares WILL be manned at all times. Brush should be cut down to 1 or 2 inches around flare stack at least a radial distance of 2 times the height of the flare stack.
5. Flares WILL NOT be left unattended.
6. No flaring operations to be conducted during red-flag days.
<http://www.gacc.nifc.gov/swcc> (go to "Predictive Services" on SWCC website) to check for red flag warnings.
7. Follow safe practices for flaring guidelines.
8. Permit may be rescinded at any time by NMOCD.
9. If well is able to be connected to a gas gathering system, it will be done so as soon as possible.
10. Flaring of gas is prohibited. The State Forester grants an exception to the prohibition on open fires for the flaring of natural gas when the following conditions are met. Unless flaring is needed for safety purposes, flaring pursuant to this exception shall not be done on days that are "red flag days" as determined by the National Weather Service or on days when the sustained wind is in excess of 25 miles per hour in the area.
- 11.1. The day is not a "red flag day" as determined by the National Weather Service and the sustained wind is not in excess of 25 miles per hour in the area.

- 12.2. The local fire department and county dispatch are notified at least 24 hours in advance of anticipated releases that will result in flaring. If flaring is done by an automated system then the schedule of flaring shall be provided to the local fire department and county dispatch. The area is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of one and one half times the height of the stack.
- 13.3. At least one adult is on site with communications equipment adequate to reach county dispatch and the local fire department in the event of a fire. The individual should also be equipped with a shovel and a water backpack pump or other equipment to deliver water to suppress a fire.
- 14.4. If flaring is to take place at an unmanned facility, then the area around the flare stack is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of three times the height of the stack.

Your initials here

// RDade
Sept 3, 2013

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 19, 2013

FOR IMMEDIATE RELEASE

Contact: Jim Winchester (505)231-8800 E-Mail: jim.winchester@state.nm.us

Notice to Oil and Gas Facilities and Operators Flaring Gas in New Mexico

SANTA FE, NM – The Oil Conservation Division (OCD) encourages all oil and gas facilities with flare stacks and well operators that are flaring gas to upgrade their *Fire Awareness Programs* this year. New Mexico State Forestry reports that 460 fires have burned 25,475 acres on state and private land in calendar year 2012.

Forecasts remain dismal this spring with fewer chances for normal precipitation, particularly in southwestern New Mexico and southeastern Arizona. Temperatures could also be higher than normal.

Open flames and gas flares should be monitored carefully and oil and gas operators should create a defensible space to help prevent wildfires. Defensible Space is the area around a structure where combustible vegetation that can spread fire has been cleared, reduced or replaced. This space acts as a barrier between a structure and an advancing wildfire.

During the course of the upcoming fire season, it may become necessary for New Mexico State Forestry to issue fire restriction on State and private land. Log on to www.nmforestry.com for updates or call your local district office.

New Mexico State Forestry offers the following guidelines for establishing effective defensible space:

- Create a "Lean, Clean and Green" firebreak area by removing flammable vegetation and growth within 30 feet of each structure. Single trees and shrubs may be retained if they are well spaced, pruned and placed so they avoid the spread of fire. Maintain an irrigation system for any vegetation near structures.
- Keep grass and weeds mowed.
- Prune lower tree limbs to at least 6 feet up to 15 feet (or lower 1/3 of branches on smaller trees).
- Remove vegetation and debris around propane tanks.

For the latest fire weather information please visit USDA Forest Service website:
<http://activefiremaps.fs.fed.us/current.php>

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The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.